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The European Community — April 1986

Background: The European Community (EC), also known as the European Communities, is the cornerstone of West European unity. It was created in 1967 by the merger of the European Coal and Steel Community, established in 1951, with the European Economic Community (Common Market) and the European Atomic Energy Community (EURATOM), established in 1957. It comprises a dual executive, the European Commission, which initiates and implements EC policy, and the Council of Ministers, which is the EC's main decision-making body; the European Parliament, the only multinational European institution directly elected by the European people; the Court of Justice, the EC's supreme court; and the Economic and Social Committee, which represents employers and unions as well as consumers and farmers. The primary aim of the EC is to integrate the economies of its members. The founders also had the long-term goal of political union.

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Adherence of Spain and Portugal: The original six EC members--France, the Federal Republic of Germany, Italy, Belgium, the Netherlands, and Luxembourg--were joined in 1973 by the United Kingdom, Denmark, and Ireland; Greece joined in 1981, and Spain and Portugal joined January 1, 1986. The adherence of Spain and Portugal increases the EC's economic importance. In 1984, the most recent year for which statistics are available for all categories, the 12 countries had a

SELECTED ECONOMIC DATA FOR EC (12), 1984
(except for unemployment data, for which 1985 is shown)

	GNP		Unemployment	US Trade with EC (12)			
	Total (billion dollars)	Per Capita (dollars)	(1985) Percent of labor force	Imports (billion dollars)	Percent of world imports	Exports (billion dollars)	Percent of world exports
Belgium	77	7,623	13.3	{3.1	{1.0	{5.3	{2.4
Luxembourg	3	9,028	1.8				
Denmark	53	10,299	9.0	1.4	0.4	0.6	0.3
France	487	8,861	10.5	8.1	2.5	6.0	2.8
Fed Rep of Germany	615	10,049	8.3	17.0	5.2	9.1	4.2
Greece	33	3,360	8.3	0.4	0.1	0.5	0.2
Ireland	16	4,571	16.5	0.8	0.3	1.4	0.6
Italy	346	6,064	10.3	7.9	2.4	4.4	2.0
Netherlands	123	8,560	14.5	4.1	1.2	7.6	3.5
Portugal	18	1,813	11.0	0.5	0.1	1.0	0.4
Spain	157	4,042	22.3	2.4	0.7	2.6	1.2
UK	433	7,673	11.8	14.5	4.4	12.2	5.6
Total EC (12)	2,361	7,341	10.5 (excluding Spain)	60.2	18.5	50.7	23.2

	EC (12) Trade with the US				US Direct Investment (billion dollars)	Foreign Direct Investments in the US (billion dollars)	Population mid year (millions)
	Imports (billion dollars)	Percent of world imports	Exports (billion dollars)	Percent of world exports			
Belgium	{3.3	{6.0	{3.1	{6.1	5.3	2.6	9.9
Luxembourg					0.5	0.8	0.36
Denmark	0.9	5.2	1.6	9.8	1.4	*	5.1
France	8.0	7.7	7.5	8.1	6.5	6.5	55.0
Fed Rep Of Germany	10.9	7.0	16.4	9.5	15.2	12.0	61.2
Greece	0.3	2.9	0.4	8.3	0.2	*	9.9
Ireland	1.6	16.5	0.9	9.7	4.4	*	3.5
Italy	5.1	6.1	8.0	10.9	5.0	1.6	57.0
Netherlands	5.5	8.9	3.3	5.0	8.3	32.6	14.4
Portugal	1.1	13.6	0.5	8.8	0.2	N.A	10.2
Spain	3.2	11.2	2.2	9.6	2.4	N.A	38.7
UK	12.6	12.0	13.7	14.5	32.1	38.1	56.5
Total EC (12)	52.2	8.2	57.6	9.4	81.5	94.9 EC (10)	321.8
EC (12) World Trade	637.3		610.5			*0.7 total for the three countries	
Intra EC (12)	309.6		316.3				
Other	327.7	15.9	294.2	19.6			

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combined population of 321.8 million, a GNP of $2,361 billion, and a per capita GNP of $7,341. US imports from the 12 represented 18.5% of US world imports; US exports to them were 23.2% of US world exports.

How the EC works: The European Commission is supranational, having primary responsibility for initiating and implementing EC policy in areas that fall under the EC treaties (for example, the internal market; external trade, including that with the US; and agricultural policy). The Council of Ministers, representing member states, is the EC's highest decisionmaking authority and dominates the current institutional power balance. The directly elected European Parliament is a consultative body with few powers except in matters affecting the EC budget.

The EC Presidency and European Political Cooperation: Every January and July, the presidency of the Council of Ministers rotates. The presidency country presides at all meetings of the 12 member states and serves as spokesman in dealing with third countries on intergovernmental matters, including efforts to coordinate the foreign policies of the member states. This foreign policy coordination process, known as European Political Cooperation, is one of seeking consensus for joint action by the 12 members on international political issues, such as the Middle East peace process, Contadora efforts, and South Africa.

US-EC Relations: The US has consistently supported the Community's development and enlargement. It is convinced that economic and political integration strengthens Western Europe and the Atlantic Community and that a stronger, more united Europe can shoulder an increasing share of global responsibilities. After Canada, the Community is our most important trading partner, with US-EC two-way trade exceeding $100 billion annually. As is natural in a relationship of this magnitude, problems exist, the most serious of which relate to agriculture. EC subsidies have made the Community a major agricultural supplier at a time of world overcapacity. The US is particularly concerned by recent measures relating to Spain's and Portugal's adherence that could affect up to $1 billion in US agricultural exports a year and hopes this dispute can be settled amicably, through negotiations. On foreign policy matters, coordination is informal but close between the US and the EC Presidency, aided by the fact that 11 of the 12 member states are fellow members of NATO.

Data sources and notes: The economic statistics were collected by the Bureau of Intelligence and Research, based on figures from the Organization for Economic Cooperation and Development, the US Department of Commerce, and the UN. Calculations for per capita GNP and percentages are based on unrounded data. Unemployment figures for Spain were not comparable and therefore are not included in the total. The data serve only as general indicators of future trends, because actual trade ratios will change due to tariff concessions.

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